



# Iowa General Assembly

## 2007 Committee Briefings

Legislative Services Agency – Legal Services Division

<http://www.legis.state.ia.us/ga/committee.do?id=41>

### GOVERNMENT OVERSIGHT COMMITTEE

**Meeting Dates:** [December 17, 2007](#) | [October 29 & 30, 2007](#) | [September 17, 2007](#) | [July 23 & 24, 2007](#) | [June 18 & 19, 2007](#) | [May 14 & 15, 2007](#)

**Purpose.** *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <http://www.legis.state.ia.us/>, or from the agency connected with the meeting or topic described.*

### GOVERNMENT OVERSIGHT COMMITTEE

December 17, 2007

**Co-chairperson:** Senator Thomas Courtney

**Co-chairperson:** Representative Vicki Lensing

**Overview.** The primary focus of the meeting concerned an update regarding the Grants Enterprise Management System (GEMS), a discussion of veterans affairs issues and interactions between veteran's affairs officials at the state and local level, and an examination of the requirements for and accountability of nonprofit organizations doing business in this state.

**GEMS Update.** Ms. Kathie Mabie, Iowa Grants Management Coordinator, Department of Management, summarized recent activities relating to GEMS, including sponsorship of eight two-day Grant Writer Workshops on community college campuses across the state, implementation of and participation in a State Agency Technical Assistance Project to assist state agencies with the grant identification and writing process, contracting with a vendor identified as eCivis to provide grant search tools to state agencies, and implementation of a pilot project to establish an Electronic Grant Notification Storefront and Grant Management System designed to simplify the grant identification and application process for state customers and provide a unified grant management approach within state government. Ms. Mabie also introduced activity participants or organizers who provided positive input regarding the value of the various initiatives. They included Mr. L.T. Smith, LT and J Consulting; Ms. Diann Wilder, Warden, Mitchellville Correctional Facility; Ms. Karen Misjak, Director, Iowa College Student Aid Commission; Mr. Todd McGee, Manager, Workforce Shortage Initiatives, Iowa Workforce Development; and Ms. Kristin Honz, Senior Program Officer, Iowa Commission on Volunteer Services. Ms. Mabie additionally related her surprise at the large amount of time reported by state agencies when engaged in the grant identification and application process, that Iowa needs to be in a competitive position in qualifying for and receiving federal grants, and that amounts previously appropriated for pilot project funding have been largely expended and additional funding is needed to continue the development of GEMS initiatives.

**Iowa Department of Veterans Affairs.** Mr. Patrick Palmersheim, Executive Director, Iowa Department of Veterans Affairs, accompanied by Mr. Steve Mulcahy, Chairperson, Iowa Commission on Veterans Affairs, and Mr. Steven Young, Director, Iowa Veterans Cemetery, provided input regarding efforts to increase the level of federal veterans benefits available in the state and assist in the process of identifying veterans. Mr. Palmersheim indicated that substantial progress has been achieved in increasing benefit levels in the past five years, noted official claims eligibility recognition of the department at the federal level, and described communications challenges involving inconsistent newsletter distribution to county offices and the regional versus local routing of veteran requests for assistance.

Problems and frustration surrounding implementation of a newly established county grant program received particular emphasis, with slow adoption of administrative rules, inconsistent interpretation of program requirements, lack of veterans affairs offices or officials to apply for or administer the grants in certain counties, inability of some counties to supply the matching requirement, inappropriate utilization of grant funds, lack of uniformity in application forms, dissension involving county commissions, and conflicts with county boards of supervisors or county auditors regarding control of grant funds cited. Ms. Patty Meyer, Buchanan County Veterans Affairs Office, and Ms. Elizabeth Ledvina, Tama County Veterans

Affairs Office, underscored these concerns from the local county perspective. The situation was described as improving, and a legislative request to address some of the issues was reported to be forthcoming.

Additional areas of discussion included comments and questions received from some local veterans or veterans offices regarding the funding and location of the new veterans cemetery, the need for improved communication with the Commission on Veterans Affairs regarding development of proposed legislation, lack of attention focused on older veterans groups, and the need for an assessment of how veterans services personnel can best be utilized.

### **Nonprofit Corporations and Internal Revenue Code Section 501(c)(3) Status**

- **Secretary of State's Office.** Secretary of State Michael Mauro distributed information summarizing the office's function in serving as the repository for Internal Revenue Code Section 501(c)(3) applications for businesses registering to conduct business in this state as a nonprofit, tax-exempt entity. Secretary Mauro identified the basic types of nonprofit corporations, highlighted information regarding how a nonprofit organization is formed, and supplied a list of frequently asked questions and relevant Iowa Code sections regarding nonprofit organizations. He emphasized that the Office serves in an administrative capacity with no actual regulatory or investigative authority, and that it serves as an information resource for businesses seeking nonprofit status.
- **Department of Revenue.** Mr. Jim McNulty, Program Manager, Audit Services and Tax Policy Section for the Department, accompanied by Ms. Victoria Daniels, Supervisor, Audit Services and Tax Policy Section, addressed income and sales tax and revenue implications of 501(c)(3) organizations. Mr. McNulty indicated that no annual reporting requirements are applicable to charitable organizations, and that 501(c)(3) organizations automatically exempt from tax include charitable, religious, and educational organizations. He also indicated that such organizations must file Form 990 with the Internal Revenue Service (IRS), must set reasonable compensation limits based on comparable survey data and are subject to an excise tax if compensation is determined excessive, and that nonprofits with unrelated business income must pay tax on that income in excess of specified levels. Mr. McNulty stated that the department has no current expertise regarding audits of nonprofits and relies on IRS determinations of nonprofit status. Ms. Daniels outlined sales tax applications relating both to sales to and by nonprofit organizations. Committee discussion included a primary focus for concern in relation to relatively large nonprofit organizations with significant unrelated business income, regulatory authority residing either with the department or with the Attorney General's Office, and whether there is current ability to identify or detect a nonprofit entity transforming itself into what would constitute a taxable status.
- **Iowa Nonprofit Resource Center.** Mr. Willard Boyd, Center Founder, Professor of Law, and President Emeritus, University of Iowa, stated that he has worked closely with Senator Charles Grassley regarding the Senator's examination of nonprofit business entities, and cautioned that potential abuses must be balanced with recognizing the vital public purpose and substantial good which such organizations accomplish for the benefit of citizens and local communities. Professor Boyd summarized recommendations developed based on the Governor's Task Force on the Role of Charitable Nonprofit Organizations in Iowa, including the development of an Iowa Register of Accountability, indicated that most 501(c)(3) organizations in this state do not have income in excess of \$25,000, that most 501(c)(3) abuses can be characterized as errors of omission rather than of commission, and that the state ranks fourth nationally in volunteerism rates but 31st in terms of benefits accruing to citizens resulting from those efforts. He further summarized a set of Principles and Practices for Charitable Nonprofit Excellence derived from the task force recommendations, specifically commenting on a duty of care in maintaining transparency, duty of loyalty regarding disclosure of conflicts of interest, the need for financial audits varying in scale based on the amount of gross revenue realized, and fraud and embezzlement concerns prompting the need for division of financial responsibility, whistleblower protection, and record retention policies. Committee discussion included a request for specific language implementing these principles and practices and providing for an audit process applicable to nonprofit organizations.
- **Iowa Health Systems (IHS).** Mr. Duncan Gallagher, Executive Vice President and Chief Operating Officer, IHS, accompanied by Ms. Sabra Rosener, Director of Government Relations, IHS, discussed the formation and expansion of IHS from its inception as a merger between Iowa Methodist Medical Center and Lutheran Hospital in Des Moines to its current status as the largest health system in Iowa and western Illinois, and its operation as a 501(c)(3) organization. Mr. Gallagher stated that IHS was formed and expanded in order to achieve economies of scale in patient care and medical supplier negotiation, that it complied with a request for commentary on a discussion draft related to proposed nonprofit hospital reforms by the U.S. Senate Finance Committee and testified before the Committee, that it takes its status as a nonprofit organization very seriously and closely tracks its provision of indigent care, that its community benefit programs can be viewed as outweighing the tax-exempt benefits of its 501(c)(3) status, and that multiple parties at the state and federal level actively monitor its operations and those of similar organizations. Committee discussion primarily focused upon the existence of for-profit subsidiary organizations, the composition of IHS boards and related salary and bonus levels for board members and IHS executives, and applicable revenue and asset value figures.
- **Iowa Foundation for Medical Care.** Mr. Donald Lovasz, Chief Executive Officer, Iowa Foundation for Medical Care, accompanied by Ms. Andi Dykstra, Senior Director, Medicaid, Iowa Foundation for Medical Care, and Ms. Kim Downs, Senior Director, Quality Improvement Organization, Iowa Foundation for Medical Care, explained that the foundation is a 501(c)(6) nonprofit organization retained by medical care providers to furnish services in health care quality

improvement and medical information management, with the ultimate goal of reducing patient care expenses. He indicated that the organization has formed for-profit subsidiary and charitable organizations, as well as a foundation for quality care in the state of Illinois, that it holds the Medicare quality improvement organizations contract for Iowa, and that it administers a number of programs including programs relating to care management and member health education. Committee discussion included clarification that the organization is voluntarily contracted with by medical services providers seeking quality improvement rather than regulatory in nature, performance of an annual audit and cost review, and questions regarding the composition of its boards, and related salary and bonus levels for board members and organization executives.

- **American College Testing (ACT), Inc.** Mr. Tom Goedken, Chief Financial Officer and Treasurer, ACT, discussed ACT's status as a 501(c)(3) organization and emphasized its mission-based approach in offering a variety of program and services in an effort to assist individuals in achieving education and workplace success. Mr. Goedken highlighted the company's fund-raising activities and related work with local and national charities and identified a number of best practices principles the company adheres to. He also reviewed compensation levels and policies, indicating that comparisons are difficult, that the Educational Testing Service would probably be the closest similar organization, that ACT has chosen to compensate its board of directors, that compensation policies are subject to annual review, and that the most recent IRS audit conducted in 2000 verified ACT's tax-exempt status. Mr. Goedken stated that ACT supports actions to increase the accountability of tax-exempt organizations and plans to continue implementing best practices recommendations. Committee discussion included the extent to which full public disclosure of nonprofit organization revenues and employee compensation amounts exists, relatively high compensation levels observed by committee members for ACT, and continued inquiry regarding board composition, specific salary and bonus information, and asset and revenue figures.
- **United Way of Central Iowa.** Mr. John Aschenbrenner, Chairperson of the United Way of Central Iowa Board of Directors, accompanied by Ms. Shannon Cofield, President of United Way of Iowa, discussed the organization's role as a pass-through entity raising funds for charitable organizations and agencies, but further as playing a strategic leadership role in ensuring community needs are being met. He indicated that United Way of Central Iowa is a top per capita fund raising United Way agency, that board members are not compensated, and that amounts held in reserve correspond to approximately three months worth of operating expenses. Ms. Cofield indicated that administrative costs for the organization are relatively low, that United Way of Central Iowa has hosted forums relating to implementation of the Principles and Practices for Charitable Nonprofit Excellence with other nonprofit organizations, and that the organization received a request for assistance by Senator Grassley's office at the start of its investigation of nonprofits. Committee discussion included inquiry regarding executive compensation and bonus levels, and comments that the organization could serve as a positive example of conducting business as a 501(c)(3) organization.

*LSA Contacts:* Rick Nelson, Legal Services, (515) 242-5822; Marcia Tannian, Fiscal Services, (515) 725-2062; Douglas Wulf, Fiscal Services, (515) 281-3250

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## GOVERNMENT OVERSIGHT COMMITTEE

October 29 and 30, 2007

**Co-chairperson:** Senator Michael Connolly

**Co-chairperson:** Representative Vicki Lensing

**Overview.** The primary focus of the meeting concerned issues relating to the operation of the Iowa Student Loan Liquidity Corporation (ISL), on-campus credit card solicitation practices, and a general discussion of student debt in Iowa relative to other states.

**ISL Auditor Report.** Mr. Warren Jenkins, Chief Deputy Auditor of State, Office of Auditor of State, provided a report and recommendations regarding various aspects of the operation of ISL. Mr. Jenkins provided background information regarding the formation of ISL in 1979 as a nonprofit corporation whose purpose is to assure that low-cost student loans are available to Iowa students, and indicated that ISL is authorized by statute to sell both taxable and tax-exempt bonds to acquire student loans made at Iowa educational institutions. He stated that ISL has grown substantially in the past several years into a multibillion dollar operation, with the growth attributable to increasing tuition and textbook expenses, a corresponding increase in student need and/or willingness to finance their college education, and ISL's ability to offer favorable loan terms because of its nonprofit status and ability to issue tax-exempt debt. Mr. Jenkins summarized ISL's current outstanding student loan holdings, outstanding bond debt, amounts held in reserve, and executive compensation levels relative to other states. Recommendations for better control, oversight, and structure in connection with ISL included:

- Elimination of potential conflicts of interest by removing the Superintendent of Banking and an Iowa College Student Aid Commission representative from membership on the ISL Board, potentially replacing them with current or former student loan holders, and correspondingly removing an ISL representative from the commission.
- Requiring ISL's annual audit to be filed with the Office of Auditor of State and authorizing the office to perform additional investigations or reviews in connection therewith.

- Stipulating that ISL is subject to open meetings provisions.
- Requiring ISL to prepare an annual or biennial report for submission to the Governor and General Assembly discussing its operations, financial status, and future outlook.
- Requiring the Iowa College Student Aid Commission to accumulate and periodically report information regarding student loan interest rates and loan terms to help potential borrowers evaluate various lenders' loan programs.

Committee discussion included the interrelationship between ISL and the Iowa College Student Aid Commission, whether additional oversight in this area is needed, whether the original intent in establishing ISL is still being met in light of its substantial growth, and comparison of ISL with similar entities in other states.

**Student Debt Overview and Research.** Mr. Robert Shireman, President, Institute for College Access & Success, Inc., accompanied by Mr. Matthew Reed, Research Analyst for the institute, examined student debt within a historical context, identified reasons underlying Iowa's relatively high student debt, and advanced possible approaches for remedying this. Mr. Shireman stated that while historically investing in higher education has been a sound investment, borrowing to subsidize sound investments is generally discouraged and within the education arena a degree may not justify the ultimate expense. He pointed out the advantages and features of federally insured loans, discouraged private loans for financing a college education, and offered as alternatives to obtaining loans the possibility of budget reductions, parental assistance, grants and scholarships, and an honest assessment of whether higher education is appropriate for a student. In contrasting Iowa with other states, Mr. Shireman indicated that Iowa has the second highest student debt level in the country. In assessing why, he discounted high tuition levels (other than community colleges), total college costs, and lower family incomes as not supported by research, but indicated that grant aid is low at Iowa public universities and community colleges and that the college-going rate is high. He characterized ISL's partnership loans as a contributing factor to the state's high level of student debt, stating that the rates are higher than might be obtained elsewhere by borrowers with healthy credit but are packaged and presented like an exclusive or special loan product. Mr. Shireman recommended increases in need-based grant aid, prohibiting the packaging of private loans as part of a financial aid award, focusing subsidized loans on targeted populations, and obtaining additional information from colleges and ISL to more closely monitor student debt.

**Iowa College Student Aid Commission.** Ms. Karen Misjak, Director, Iowa College Student Aid Commission, accompanied by Mr. Keith Greiner, Legislative Liaison for the commission, and Ms. Janet Adams, Commission Chair, discussed the commission's mission and vision, dual role as a state agency and guarantor, and the financial aid and student loan process. Ms. Misjak cited as concerns the fact that college costs are increasing faster than family incomes, there has been little increase in federal and state grant aid versus loan debt, family savings are decreasing, parental (PLUS) loans are underutilized, private loans are increasing as are direct-to-consumer marketing of such loans, and that students are not utilizing full federal loan eligibility. She indicated that the commission is more aggressively promoting PLUS loans, and recommended an increase in state appropriations for grant aid, increasing the commission's role in educational outreach programs and college access initiatives, requiring financial literacy courses in high school, and working with financial aid officials to help Iowa families make the best financial decisions. Further, Ms. Misjak advocated an evaluation of state-funded education loan programs, encouraging lenders and secondary markets to focus efforts on providing borrower benefits and working with borrowers to successfully repay, and requiring private student loan lenders to report price and volume data.

**ISL Overview and Operation.** Mr. Steve McCullough, President and CEO, ISL, accompanied by Ms. Victoria Payseur, ISL Board Vice Chair, and Mr. Tom Gronstal, ISL Board member, discussed ISL's role in the student loan process, how student loans work, and problems for the loan system and for students. Ms. Payseur discussed the original impetus for ISL's formation, noted that no state subsidy is involved, described the organization's governance structure, and cited ISL's reinvestment in programs benefiting Iowans. Mr. McCullough summarized the student loan origination and disbursement process, and emphasized that ISL suggests students interested in borrowing first explore scholarship and grant availability, work/study options, and full utilization of guaranteed loan capacity before considering a private loan. Mr. Gronstal described an internal and external audit process for ISL, indicating that ISL has always received unqualified audit opinions. The ISL emphasized that it does not create demand for student loans but reacts to it, remains focused on the mission of providing student loans at the lowest possible cost, and maintains that Iowa students are utilizing federal loans at a higher than average rate and private loans at a lower than average rate. Mr. Gronstal stated that ISL views the auditor's report as validating that no financial irregularity or misconduct has occurred in its operation, and that ISL is willing and committed to implementing the auditor's recommendations.

**Board of Regents Institutions.** Financial officials from the University of Iowa (UI), Iowa State University (ISU), and the University of Northern Iowa (UNI), accompanied by representatives from their respective alumni organizations, discussed university policies relating to student on-campus credit card solicitations. The organizational structure and legal status of each alumni association was summarized, and it was emphasized that reports of failure to comply with a request for information relating to credit card agreements ostensibly made by the Board of Regents were inaccurate given that in fact the board never issued such a request. Mr. Vince Nelson, Director, Alumni Services, UI, stated that the university limits campus credit card solicitations to students by offering exclusive marketing rights to one affinity credit card organization, thereby eliminating all other credit card solicitations, that the target audience for the program is alumni, not students, and

that students comprise a very small percentage of cardholders. Mr. Jeffrey Johnson, President and CEO, ISU Alumni Association, made similar remarks regarding the intended audience for credit card solicitations and small numbers of students acquiring them, but noted that other vendors can solicit at narrowly defined on-campus locations at ISU. Mr. Mark Jastorff, Director of Alumni Relations, UNI, stated that UNI recently discontinued a comparable affinity credit card agreement after a review of its overall program and services. Mr. Nelson and Mr. Johnson both indicated that the presidents of their respective institutions have requested their alumni associations to review their credit card agreements and solicitation practices.

The extent to which identifying student information is required by federal law and accessible to noncampus organizations was discussed, as were course offerings designed to improve financial literacy and on-campus financial services counseling availability. Additionally, Committee members inquired as to the existence of any formal agreement between the universities and ISL, and were informed that the UI never had an agreement and that the other two universities have terminated agreements once in place out of concerns relating to rising student debt and public perception.

**Private Colleges.** Ms. Nancy Wallace, Alumni Programs Director, Graceland University, addressed the issue of credit card solicitations from a private institution standpoint. Ms. Wallace stated that more widespread grant availability at private colleges helps to reduce student loans, and that Graceland offers a course on the proper use of credit. She also indicated that, in contrast to the three regents institutions, credit cards can be used for tuition and textbook expenses, and stated that most students arrive on campus in possession of at least one such card. Ms. Wallace said that a credit card agreement is in place for the benefit of alumni, with no student names or information distributed to marketing organizations.

**Community Colleges.** Ms. Laurie Wolf, Executive Dean of Student Services, accompanied by Mr. Don Duzik, Director of Financial Aid, Western Iowa Tech Community College, discussed the issue of student debt and credit card usage and education from a community college perspective. Ms. Wolf noted a generally older and more self-reliant and self-employed community college student demographic, cited low grant availability and higher community college tuition costs relative to most other states, and indicated that credit cards can be used to cover community college expenses. She advocated financial education at the primary and secondary school level utilizing the expertise of state banking and credit union organizations or associations, college preloan counseling, employer-sponsored education and tuition reimbursement plans, more need-based financial assistance and grant funding for colleges, and prohibiting predatory lending practices regarding credit card solicitation of minors.

**Attorney General Perspective.** Mr. Tom Miller, Attorney General, State of Iowa, characterized student utilization of credit cards as a dangerous and easy trap to fall into. He indicated that the Attorney General's Office has done some on-campus financial education, discouraged partnerships between universities and credit card companies, and emphasized that alumni association marketing efforts should be targeted strictly at alumni, not students. Attorney General Miller further indicated that his office will be making recommendations regarding the issues previously discussed in connection with ISL and private student loan utilization and availability, and advocated improved relations between ISL and the Iowa College Student Aid Commission. He agreed with Committee commentary that part of the rationale for structuring ISL as a private not-for-profit organization was to avoid state liability issues.

**Student Representatives.** Students from UI, ISU, and UNI addressed student debt and credit card solicitations from a student perspective. In general, discussion concerned coping with student debt, the extent to which they are experiencing credit card solicitations, and the existence of public awareness campaigns or education efforts from their institutions relating to debt management and financial literacy. Student feedback included commentary that they do not view alumni association credit card solicitation as widespread among students, but contrasting opinions were presented regarding whether solicitations aimed at students should be continued. Concern was expressed regarding distribution of published student information to off-campus marketing organizations, and some form of opt-out mechanism from such distributions was advocated. Additionally, some students expressed reservations regarding offering students free gifts or food in association with a credit card solicitation offer.

**Next Meeting.** The Committee is scheduled to meet on December 17 and 18, 2007, in Room 103, Supreme Court Chamber, at the Statehouse. Meeting times and agenda will be announced.

**LSA Contacts:** Rick Nelson, Legal Services, (515) 242-5822; Marcia Tannian, Fiscal Services, (515) 725-2062; Douglas Wulf, Fiscal Services, (515) 281-3250

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## GOVERNMENT OVERSIGHT COMMITTEE

September 17, 2007

**Co-chairperson:** Senator Thomas Courtney

**Co-chairperson:** Representative Vicki Lensing

**Overview.** The primary focus of the meeting concerned updates regarding the E911 Program and the Iowa Lottery, a



discussion of motor fuel quality monitoring and the Renewable Fuels Infrastructure Program, a report regarding the development status of the Honey Creek Premier Destination State Park, and specified waste disposal issues.

**E911 Program and Quarterly Report Review.** Ms. Jennifer Acton, Legislative Services Agency, Fiscal Services Division, summarized the second calendar quarter report for FY 2006-2007 received from the Office of Homeland Security and Emergency Management Division of the Department of Public Defense as required by law. Ms. Acton indicated that the division received \$3.7 million in revenue from the E911 wireless surcharge for the quarter, which was an increase of \$87,000 over the revenue earned the previous quarter. Ms. Acton related expenditures from the fund in priority order, and noted that \$935,000 in unencumbered funds remain in the Carryover Fund, with approximately 10 network upgrade project approval application forms pending for the next calendar quarter.

Mr. John Benson, Iowa E911 Program Manager, distributed and reviewed cost breakdown spreadsheets to supplement Ms. Acton's summary. He identified as uses for carryover funding increasing network trunk capacity, continued progress in achieving interstate interconnectivity, and facilitating funding access for local answering point projects through a newly developed application process to achieve compliance with Code chapter 34A. Committee discussion concerned the extent to which local service boards are adversely impacted by decreasing wireline surcharge revenues and local efforts to address it, the extent to which 911 calls can truly be categorized as emergency in nature, and the possibility of establishing a legislative subcommittee to review E911 funding streams and developing technologies.

**Iowa Lottery.** Ms. Mary Neubauer, Vice President External Relations, Iowa Lottery, presented a semiannual update regarding lottery operations and a review of the lottery's annual report. The Iowa Lottery is experiencing a good year from a revenue standpoint, with sales of existing products projected to increase by more than seven percent. Overall lottery sales and proceeds to the state will show a decrease in FY 2006-2007 due to discontinuation of the TouchPlay Project. She provided a breakdown of utilization of lottery profits by the state since the lottery's inception in 1985, described combined efforts by the Iowa Attorney General's Office and the lottery to educate lowans regarding fraudulent counterfeit-check lottery scam efforts, noted that the lottery's FY 2007-2008 budget has been revised to reflect salary-adjustment decisions made during the 2007 Legislative Session, supplied a revenue and expenditure breakdown for the lottery over the previous five-year period, and indicated that the most recent lottery audit conducted by the State Auditor's Office was favorable.

Ms. Neubauer also described the successful introduction of a new instant-scratch game honoring Mr. John Wayne, discussed efforts by the lottery to coordinate with the Department of Revenue in publicizing the Tax Amnesty Program passed during the 2007 Legislative Session, summarized an instant-scratch game being jointly developed by the Iowa and Kansas lotteries, explained the rationale for discontinuing the electronic game card product, and commented on preliminary discussions taking place regarding the development of a global lotto game. She further addressed efforts to publicize the existence of unclaimed lottery prizes; the reduction of nightly system shutdown duration for maintenance and backup; assistance by lottery security officials in stolen ticket cases; the status of lawsuits involving banning TouchPlay machine operation and the denial of claims by the Des Moines Register of open records violations by the lottery relating to TouchPlay sales data; the impact of casino expansion and rising fuel prices on lottery sales, operations, and profits; and monitoring by lottery executives of developments stemming from a federal prohibition on illegal internet gambling.

Committee discussion included concern regarding international expansion of lottery products, the impact of Director Ed Stanek's resignation, categorization of lottery employee salaries and benefits as "personal services" as required by the state accounting system, and whether performance-based salary bonuses are awarded to lottery employees.

**Motor Fuel Quality Monitoring.** Mr. Darryl Brown, Chief, Weights and Measures Bureau, Department of Agriculture and Land Stewardship, described the objectives of the bureau and supplied figures relating to the number of gas pump and scale inspectors and inspections annually taking place. Mr. Brown specified the allocation of a \$600,000 appropriation for fiscal period 2006-2008 for motor fuel auditing, displayed and described the operation of a fuel analyzing unit employed by fuel inspectors, and indicated that the compliance rate statewide was generally very good. Committee discussion included the cost of the fuel analyzing units and the fact that additional appropriations will be necessary when the current appropriation ends at the conclusion of FY 2007-2008.

**Honey Creek Premier Destination State Park.** Mr. Terry Montgomery, Honey Creek Project Director, Department of Natural Resources, provided a detailed review of the inception and development of the park and related the receipt of bids for construction of a lodge and cabins which were approximately \$14 million higher than project budget levels. A revised set of plans resulted in combined lodge and cabin rebids that remained \$8 million over the project budget, resulting in the decision by the department to move forward with lodge construction and delay cabin construction until full funding can be secured. Mr. Montgomery indicated that construction of the lodge and accompanying aquatic and convention centers has begun, with completion slated for the summer of 2008. He provided a description of the facility, surrounding park and Rathbun Lake general vicinity, supplied occupancy rate projections, and expressed optimism that the park will be a popular repeat destination. Committee discussion included questions regarding omissions in the original project budget, the tendency of publicly funded projects of this nature to run over budget, and Mr. Montgomery's marketing background and marketing efforts envisioned to promote the park.

**Waste Management.** Representative Jodi Tymeson related constituent concerns regarding solid waste (construction

material) disposal, manure management plan requirements in connection with Prairie Meadows, and human waste disposal residential setback requirements, and distributed responses received from the Department of Natural Resources. Department Director Richard Leopold provided input and will coordinate departmental follow-up regarding the issues raised.

**Next Meeting.** The Committee is scheduled to meet on October 29 and 30, 2007, in the Supreme Court Chamber, Room 103, at the Statehouse. The meeting will commence at 11:00 a.m. on October 29, and at 9:00 a.m. on October 30.

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## GOVERNMENT OVERSIGHT COMMITTEE

July 23 and 24, 2007

**Co-chairperson:** Senator Thomas Courtney

**Co-chairperson:** Representative Vicki Lensing

**Overview.** The primary focus of the meeting concerned the status and possible uses of the Iowa Communications Network (ICN), including consideration of legislative proposals sponsored by Representative Wayne Ford (2007 Iowa Acts, H.F. 622 and H.F. 686) which expand the use of the network.

**Background.** Mr. John Gillispie, ICN Executive Director, provided a brief history of the network from the early 1980s to the present, including its financing, construction, and governance by the Iowa Telecommunications and Technology Commission. Mr. Gillispie discussed business constraints imposed by statute, including a limited customer base of "authorized users" and a limited ability to collaborate with the private sector. Authorized users include educational facilities (public and private K-12 schools and higher education institutions), state and federal governments (e.g., the Iowa National Guard, the division of homeland security, and emergency management of the department of public defense), hospitals and physician clinics, and public libraries. Mr. Gillispie noted that in 1997 the ICN assumed responsibilities for Capitol Complex telecommunication services. He stated that the state has invested more than \$227 million in the network and described several unsuccessful plans in past years to transfer ownership of the network to the private sector. Mr. Gillispie described the process of transmitting data over a network and advantages of using synchronous rather than asynchronous transmission, observing that most commercial internet traffic is asynchronous, and stressed the importance of providing affordable broadband access to lowans in order to compete in a global economy. He also stated that when considering the speed of Internet access, Iowa ranks 47th among states. He predicted that within the near future telephone service via copper wiring will no longer be commercially viable. Mr. Gillispie stated that Vermont has committed \$40 million in financial incentives to expand broadband access to its citizens in collaboration with private providers. In response to questions by Committee members, Mr. Gillispie discussed maintenance issues including deferred maintenance of network infrastructure, the growth of internet traffic and the stability of video traffic, the potential use of the network as a platform to expand broadband and wireless service to lowans, the use of the network to leverage the private sector to increase or expand its service, and the relative competitive disadvantage of the private sector when competing against a state business.

**Expanding the Availability of Internet Access to Low-Income Populations.** Dr. Nicol Turner-Lee, Vice President, Digital Inclusion Corporation, manages One Economy's Midwest programs (providing broadband to the homes of low-income households and providing a related multilingual web portal referred to as the "Beehive"). Dr. Turner-Lee supported the expansion of the ICN to provide affordable and possibly free broadband access to the poor and community-based organizations in a manner that encourages the poor to become self-sufficient. She noted that more than a quarter of this nation's population does not have access to the internet, including a large percentage of low-income families and culturally defined populations (African-American and Latino-American, people with disabilities, and seniors). Dr. Turner-Lee urged the Committee to consider legislation that would create a strategic workforce development initiative around the ICN, by providing poor families with affordable and ubiquitous access to the internet, financing for hardware acquisition, and access to meaningful online content. In response to questions by Committee members, Dr. Turner-Lee emphasized the need of children of poor families to obtain access to technology in order to level the economic playing field, and cited a Michigan program which provides technology to K-12 school children (for a description of Michigan initiatives, see the September 30, 2004, meeting of the Iowa Learning Technology Study Committee). Committee members and Dr. Turner-Lee discussed the definition of poverty, the differences between urban and rural environments, that Iowa currently has a low unemployment rate, that many rural communities have access to internet services, and the perceptions of rural lowans and their self-sufficient character. Other Committee members compared the ICN with a highway and discussed the need to capitalize upon opportunities to compete in a global economy.

**Wireless Communication.** Mr. Joshua Breitbart, Founder of the Ethos Group, a consulting firm which focuses upon community benefits associated with wireless technology, stated that the ICN is an underutilized resource and discussed

Iowa's unique position as the owner of a fiber optic network capable of providing high-speed telecommunication services access to its entire population. He noted that other nations such as South Korea and Japan have surpassed the United States in providing broadband access to their populations, and that the United States is at a competitive disadvantage due to its failure to similarly invest in the necessary infrastructure. He discussed economic opportunities which would be created by providing rural residents with wireless access to the ICN, in effect "flattening" competition between the state's urban and rural residents and global competitors. Mr. Breitbart stated that a few telecommunications companies control the industry, that it is not in the financial interest of those companies to concentrate investment in a small rural state like Iowa, and that the state should use its existing infrastructure to promote economic development. In response to questions by Committee members, Mr. Breitbart discussed the current capacity of the ICN, the role of government in competing with the private sector, and the amount of competition in the telecommunications industry. Mr. Breitbart noted a strong correlation between access to broadband and population by zip code. Committee members discussed issues related to capacity, cost and price of service, and internet speed; the roles of government and the private sector; and methods to partner with the telecommunications industry.

**Issues Related to the "Digital Divide".** Mr. Ryan Ford, Executive Editor of Source Magazine, discussed the growth of digital communication, its rapidly growing importance when conducting business, and the related disparities between persons who have broadband access and persons who do not have broadband access—the so-called "digital divide". He described how he routinely conducts business from Los Angeles to New York via high-speed internet, the possibility of attracting persons to live in Iowa and conduct business from their homes, and encouraged Committee members to expand the use of the ICN in order to create opportunities for Iowans. In response to Committee questions, Mr. Ford discussed how utilizing Iowa's unique telecommunications infrastructure could encourage Iowa's younger population to stay or return to the state.

**Perspectives of Local Entities.** Mr. Bob Haug, Executive Director, Iowa Association of Municipal Utilities, was joined by Mr. Allen Kent, serving as Acting Executive Director, Iowa League of Cities. Mr. Haug stated that his association represents approximately 550 cities that operate utilities, including 28 municipal broadband systems. Mr. Haug stated that the ICN is a unique asset that has been underutilized, and that expanding the ICN would promote opportunities for job creation and economic expansion. He cited an article published in *USA Today* reporting that United States consumers have a median download speed of just 1.97 megabits per second (Mbps) compared to 61 Mbps in Japan, 45 Mbps in South Korea, 17 Mbps in France, and 7 Mbps in Canada. Mr. Haug also stated that Americans pay a higher rate for internet service (paying \$3.18/Mbps, while in Japan and Korea, rates are as low as \$0.22/Mbps and \$0.042/Mbps). Mr. Haug noted how the ICN could be used to provide a number of shared or improved services relating to telephone and cable television transmissions, accounting and billing functions, medical records and diagnostic data, real-time metered energy usage, and job training. Mr. Haug expressed support for H.F. 686 and believed the expanded use of the ICN would encourage greater competition and expanded opportunities. Mr. Kent discussed the important but limited role of public libraries and opportunities for greater use by cities, including the training of city officials and conducting meetings of city officials on a regional basis. Committee members discussed the importance of competition and the free market system, investments made by the private sector, the possibility of cities installing their own fiber optic network, the use of the ICN to stimulate local economies, and possible partnerships between the state and the private sector.

**Perspective of the Iowa National Guard.** Brigadier General Mark Zirkelbach, Iowa National Guard, was joined by Colonel Vince Reefer, Iowa National Guard, and Mr. Jon D. Swanson, State ICN Manager for the Iowa National Guard. General Zirkelbach discussed the guard's use of the ICN for telephone, data, and video transfer and internet services, and noted that the guard uses the ICN almost daily to conduct routine business. He described the guard's ICN use for administrative and training purposes and for family support programs and meetings, including videoconferencing by oversees personnel and their families (e.g., military personnel in combat). General Zirkelbach stated that military use of the ICN has increased annually. He stated that the guard pays \$222,000 annually for the ICN data service. In response to Committee questions, General Zirkelbach noted that one of the greatest challenges for the ICN management is scheduling.

**Perspectives from Area Education Agencies (AEA).** Mr. Bob Steingreaber, Coordinator of Instructional Resources for Southern Prairie AEA 15 in Ottumwa, was joined by Ms. Kristin Steingreaber, AEA 15 Media Specialist. Mr. Steingreaber and Ms. Steingreaber discussed the aging of equipment associated with the ICN, aggregated internet costs, and educational uses including videoconferencing, demonstration projects, professional development, homebound instruction, online learning, and project collaboration. They discussed a number of issues with Committee members. It was noted that 85 percent of school districts use the ICN as their internet provider. They discussed the changing role of teachers (from sage to facilitator). According to Mr. Steingreaber a future challenge is making the ICN scheduling more flexible.

**Perspectives from Regents Institutions.** Mr. Steve Fleagle, Associate Vice President and Chief Information Officer, University of Iowa; was joined by Dr. James A. Davies, Vice Provost for Information Technology and Chief Information Officer, Information Technology Services, Iowa State University; Dr. Eldon Uhlenhopp, Interim Associate Dean for Outreach and Operations, College of Veterinary Medicine, Iowa State University; and Dr. Jim Bodensteiner, Dean of Continuing Education and Special Programs, University of Northern Iowa. Mr. Fleagle explained that the use of technology is pervasive on campuses and is constantly changing; regents institutions collaborate with the ICN to share



voice, video, and internet services; and that traditional voice and video services are shifting to internet delivery (referred to as "convergence"). He noted that in meeting broadband requirements, availability and costs are challenges. Mr. Fleagle described a special network which in part utilizes the ICN, referred to as Broadband Optical Research, Education and Sciences Network (BOREAS-Net), which connects the University of Iowa, Iowa State University, the University of Minnesota, and the University of Wisconsin with commercial networks based in Chicago and Kansas City. Its purpose is to allow researchers to transfer vast amounts of secure data worldwide and collaborate with peer institutions and national laboratories. In response to questions by Committee members, Mr. Fleagle discussed the transmission of sensitive information. It was noted that the University of Northern Iowa may join BOREAS-Net in the near future. Mr. Fleagle also discussed the University of Iowa's implementation of a student and staff emergency warning system in the fall of 2007 which is designed to provide rapid warning of an emergency throughout the campus.

**Perspectives from Telecommunications Companies.** Mr. Craig Schoenfeld, Legal Counsel representing Iowa Network Services, stated that he was appearing on behalf of a number of telecommunications companies to briefly explain the general position of the industry, and requested that representatives of the industry be allowed to more fully present their views at a future meeting. Mr. Schoenfeld was joined by Mr. Gillispie and Ms. Joan Conrad, Legislative Liaison for the Iowa Utilities Board. Mr. Schoenfeld emphasized the commitment made by Iowa Network Services and other businesses to provide Iowans with access to telecommunications services, stated that competition within the private sector does exist, and noted the number of jobs provided by these businesses would be put at risk by allowing a state-owned enterprise to compete with the private businesses. He stated that he could not comment upon specific proposals to partner with the state at this time, but extended an invitation to interested members to continue a dialogue.

In response to questions by Committee members, Mr. Schoenfeld and Ms. Conrad discussed a report prepared by the Iowa Utilities Board which found that infrastructure is not a limiting factor for rural residents. Ms. Conrad stated that the board's report did not find a rural and urban divide, and that local communication companies have worked to provide broadband access to its customers. Committee members discussed the extent to which Iowa and its rural residents do not have access to broadband services. Mr. Schoenfeld and Mr. Gillispie discussed Iowa's national ranking for speed of uploading and downloading data. Mr. Schoenfeld stated that he or another industry representative could respond more fully to the issue at a later time.

*LSA Contacts:* Doug Wulf, Fiscal Services, (515) 281-3250; Rick Nelson, Legal Services, (515) 242-5822; Doug Adkisson, Legal Services, (515) 281-3884

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## GOVERNMENT OVERSIGHT COMMITTEE

June 18 and 19, 2007

**Co-chairperson:** Senator Thomas Courtney

**Co-chairperson:** Representative Vicki Lensing

**Overview.** The primary focus of the meeting concerned an update regarding issues relating to the Central Iowa Employment and Training Consortium (CIETC) and settlement efforts relating to the consortium; a follow-up discussion from the previous meeting regarding the Gambler's Treatment Program; and an update on veteran's issues with primary emphasis on the Iowa Veterans Home, veterans hospitals and clinics, and the Iowa Veterans Cemetery.

### CIETC Update.

- **Funding Settlement.** Mr. Grant Dugdale, Assistant Attorney General, summarized negotiation and settlement efforts from the state's perspective between the state, CIETC, and the federal government regarding funds for job training programs which the United States Department of Labor is requiring to be repaid. Mr. Dugdale indicated that he feels substantial progress is being made in resolving issues relating to settlement in a manner which will repay the federal government, resolve disputes between the state and CIETC's member governments, discontinue CIETC, appropriately deal with responsible parties formerly associated with CIETC, and minimize taxpayer impact. Mr. Dugdale stated that the parties were meeting voluntarily to determine how to apportion financial responsibility between CIETC, its member governments, and the state. He identified restitution judgments against indicted individuals, insurance, and Iowa Public Employees Retirement System (IPERS) distributions paid out to liable parties formerly associated with CIETC as possible sources for recouping the money paid to the federal government.
- **CIETC Board.** Mr. Dave Reed, CIETC Board Chairperson, and Mr. Jonathon Wilson, attorney for CIETC, accompanied by two county board of supervisor chairpersons, distributed a statement outlining efforts by CIETC to cooperate in the various investigations taking place while continuing to provide program services to recipients. Mr. Wilson stated that the discontinuation of CIETC will eventually take place, but the agency must continue in existence at least through the duration of pending open meetings law litigation initiated by the Des Moines Register. Committee members expressed frustration with the length of time that settlement efforts were taking and the legal fees associated with those efforts, suggested that various parties might differ in their motivation to expedite settlement, indicated that precedent exists for determining an equitable allocation of financial responsibility among the impacted county boards

of supervisors, inquired about the possibility of the state paying the settlement amount in the near future and allocating financial responsibility after-the-fact, and stated that board member indecision was taking place at taxpayer expense. Mr. Wilson maintained that all parties involved in settlement efforts desire a quick resolution and are working to achieve it, that allocating responsibility is a process and that no party is interested in paying more than the minimum amount they are determined to owe, that the CIETC board lacks the financial resources to vote on and implement a settlement, and that any settlement reached would have to be approved by the county boards of supervisors involved. Committee members reiterated their concerns regarding potential taxpayer impact, and strongly encouraged all parties to seek a quick resolution and for the board members to assist in that effort in their role as elected public officials.

**Gambling Treatment Program — Continued Discussion.** Mr. Mark Vander Linden, Gambling Treatment Program Director, Department of Public Health, distributed a handout providing Committee members with additional information in response to questions which were raised during the previous (May) meeting of the Government Oversight Committee. Mr. Vander Linden stated that the purpose of the program is to promote and protect the health of Iowans by reducing problem gambling behavior through the provision of counseling and related services to problem gamblers via 10 contracted treatment providers in 11 regions around the state. Changes made to the program since its inception in 1988 include evidence-based prevention and education services, maintenance of the 1-800-BETSOFF helpline, transitional housing services, counselor training for clinicians, and program evaluation.

Mr. Vander Linden noted that a prevalence study of problem gambling in the state conducted in 1995 revealed a significant increase in problem and pathological gambling over a similar study conducted several years earlier. He summarized the results of a study of gambling and gambling services in Iowa published by the Harvard Medical School Division on Addictions in 2002 and resulting action taken by the department.

Program funding was reviewed and information provided regarding the timeline for department payment of vouchers submitted by treatment providers for reimbursement. Mr. Vander Linden indicated the department's goal is to pay vouchers within 21 days of receipt, stated that generally the department has met the goal, and identified factors which may result in a delay in payment.

Committee discussion included the increase in reports of problem gambling in an area following the opening of a local casino, statistics regarding the number of problem gamblers in the state, the status of a delayed reimbursement to the Central Iowa Gambling Treatment Program, and the extent to which minorities are being notified of the existence of the program and being provided with program services.

#### **Veterans' Issues.**

**Veterans Administration Facilities and Iowa Veterans Home.** Mr. Barney Devine, Federal Veterans Administration, Central Iowa, and Mr. Daniel Steen, Commandant, Iowa Veterans Home, discussed the status of and relationship between Veterans Administration facilities in the state and the Iowa Veterans Home.

Mr. Devine summarized efforts to establish a north-to-south tier of community-based outpatient clinics intended to facilitate local access by veterans to primary care health services. He also reviewed plans to build a new extended care facility at the Des Moines Veterans Administration campus, indicating that the rationale for the project stems from the age of the facility presently located in Knoxville, the high concentration of veterans in Polk County, and a shift to a rehabilitative focus for increasingly debilitated patients. Mr. Devine also discussed efforts to profitably dispose of 29 Veterans Administration buildings, preferably through utilization of enhanced-use leasing with application of revenue to patient care, with transfer to the General Services Administration as a fallback solution if leasing proves unsuccessful. Committee discussion included the extent to which community-based outpatient clinics would be located on a statewide basis, requirements for and adequacy of the supply of mental health providers associated with veterans clinics, the distinction between an extended care facility and the traditional concept of "nursing home", and staffing requirements for the new extended care facility.

Mr. Steen provided an overview of the operation of the Iowa Veterans Home. He characterized the Iowa Veterans Home as a long-term care facility comprised of a medical clinic, licensed nursing facility, long-term care facility, and residential care facility, with both veterans and their spouses qualifying for residency. The changing profile of residents was identified, with a shift to a younger population with mental health and substance abuse issues, and a changing focus to rehabilitation and return of veterans back to their local communities. Mr. Steen further indicated plans are under way to develop a master plan to change the physical environment of the Iowa Veterans Home from an institutional to home-based atmosphere, and described state and local funding presently available or anticipated to be committed to the project.

**Iowa Veterans Cemetery.** Mr. Patrick Palmersheim, Director, Department of Veterans Affairs, accompanied by Ms. Darlene McMartin, Director, Pottawatomie County Veterans Affairs Department, provided an update regarding progress in connection with the Iowa Veterans Cemetery. Mr. Palmersheim indicated that a cemetery director position has been filled, that a contractor has been selected, that a federal grant necessary for the provision of a Notice Of Intent to begin construction was pending, that a website has been developed in connection with the Department of Administrative Services, that fundraising efforts are under way to generate private funds to be used for memorials and beautification projects on the grounds of the cemetery, that construction is anticipated to begin late in July 2007 with an anticipated completion date of Memorial Day 2008, and that research is being conducted regarding staffing needs. Committee discussion included qualification for interment at the cemetery, procedural aspects of services and burials, and anticipated

operational costs. Mr. Palmersheim and Ms. McMartin also discussed the status of the Department of Veterans Affairs County Grant Program, which was established to improve services to veterans by providing County Commissions of Veterans Affairs with a \$10,000 maximum matching grant. Several challenges to implementation of the program were identified, including a misconception on the part of some counties that the grant was a reimbursement and that funds could be used for any purpose determined by a county commission. Committee discussion included inquiry regarding why certain counties chose not to participate, the impact of a "home rule" philosophy in the decision by some county boards not to signify approval, and whether legislation to require each county to maintain a Veterans Affairs Office would be an appropriate step to take.

**Procedural Aspects.** The Committee continued discussion and prioritization regarding interim topic lists for upcoming meetings. The July Government Oversight meeting will be devoted in large part to the role and possible expansion of the Iowa Communications Network. Committee members additionally presented a resolution honoring Mr. Sam Leto, formerly with the Fiscal Services Division, Legislative Services Agency for his outstanding service to the Committee.

**Next Meeting.** The Committee is scheduled to meet on July 23 and 24, 2007, in the Legislative Dining Room at the Statehouse. The meeting will commence at 11:00 a.m. on July 23, and 9:00 a.m. on July 24.

**LSA Contacts:** Rick Nelson, Legal Services, (515) 242-5822; Doug Wulf, Fiscal Services, (515) 281-3250

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## **GOVERNMENT OVERSIGHT COMMITTEE**

May 14 & 15, 2007

**Co-chairperson:** Senator Thomas Courtney

**Co-chairperson:** Representative Vicki Lensing

**Overview.** The primary focus of the meeting concerned updates relating to the Gambling Treatment Program, the Integrated Information for Iowa (I/3) System, computer services at the State Capitol, the E-911 Program and wireless surcharges, and the Iowa Braille and Sight Saving School.

**Gambling Treatment Program.** Mr. Mark Vander Linden, Gambling Treatment Program Coordinator, Department of Public Health, provided an overview of the program and addressed funding issues. Mr. Vander Linden identified as significant aspects of the program the provision of counseling and education relating to gambling through contract service providers in designated regions located around the state, maintenance of the 1-800-BETSOFF telephone counseling line, counselor training efforts, performance of treatment service evaluations, and financial oversight to ensure the proper allocation of funds. Mr. Vander Linden also summarized the membership and strategic plan recommendations of an advisory committee formed to review gambling treatment program services and develop priorities for improvement.

Regarding funding, Mr. Vander Linden described the annual \$6 million allocation to the program, and indicated that of that amount \$525,000 was reallocated to the Department of Corrections and the Department of Human Rights, resulting in approximately \$12,000 in program funding remaining unallocated through the end of the current fiscal year. Mr. Vander Linden stated that it may be possible to redirect money from some programs with an excess of funding to help make up the shortfall.

Ms. Lisa Pierce and Ms. Jan Meisenbach, contract service providers for two of the state's eleven regions, identified issues of concern relating to the provision of program services. Ms. Pierce expressed concern regarding the negative impact resulting from a change in the method of calculating provider payments from a unit of service or hourly or per occurrence charge to an actual cost basis, related instances of nonpayment for services already provided due to funding availability, attempts by the Department of Public Health to obtain title to real and personal property above a specified dollar value, and ownership of equipment owned by a service provider or purchased from funds received for the provision of services to clients.

Committee discussion included concerns regarding the ongoing dissatisfaction by the represented service providers and apparent lack of progress at achieving resolution with the Department of Public Health; requests for additional statistical, funding, and historical perspective information from Mr. Vander Linden; the provision of and necessity for transitional housing; and the reallocation of funding issue.

**Integrated Information for Iowa (I/3) System Update.** Ms. Lori McClannahan, I/3 Program Manager, Department of Administrative Services, accompanied by additional department representatives, summarized I/3 project status and funding, including the construction fund unspent balance; the current interim I/3 Customer Council rate; remaining projects left to be implemented; the rationale for deferral of the human resources/payroll component of the system; and an anticipated upgrade to the I/3 financial component and advantages resulting from the upgrade. Ms. McClannahan also identified accomplishments which have contributed to system reliability and stability, and completed and anticipated major system projects.

Committee discussion included additional inquiry regarding delays in the human resources/payroll component and whether continued consultant contracts are warranted.

**Computer Services at the State Capitol.** Mr. Glen Dickinson, Director, Computer Services Division, Legislative Services Agency, summarized the role of the Computer Services Division in providing end user support and training, maintenance of the legislative computer network and hardware, and provision of legislative software and software development. Mr. Dickinson described the process of and goals for the replacement of the current legacy system used for the production of bills, amendments, the Code of Iowa, and the Iowa Administrative Code; discussed a timeline for computer replacements; identified issues requiring attention arising during the 2007 Legislative Session; and summarized ongoing efforts relating to legislative website development.

**E911 Program and Quarterly Report Review.** Ms. Jennifer Acton, Legislative Services Agency, Fiscal Services Division, summarized the first calendar quarter report for FY 2006-2007 received from the Office of Homeland Security and Emergency Management Division of the Department of Public Defense as required by law. Ms. Acton indicated that the division received \$3.6 million in revenue from the E911 wireless surcharge for the quarter, which was an increase of \$63,000 over the revenue earned the previous quarter. Ms. Acton related expenditures from the fund in priority order, and indicated that the amount that Public Safety Answering Point Systems (PSAPS) receive from the surcharge was legislatively increased from 24 percent to 25 percent per calendar quarter. Mr. John Benson, Iowa E911 Program Manager, indicated that implementation of Phase I of the project has been completed, that the project has entered Phase II, and that installation of any remaining PSAPS will be completed by June, 2007.

Committee discussion included the need for training for PSAPS personnel, the suggestion that Committee members periodically test the system, consequences if funding allocated to the E911 Program were reallocated elsewhere, and the financial impact of an increasing trend away from hard-line telephone connections.

**Iowa Braille and Sight Saving School (IBSSS) Update.** Ms. Jeananne Schild, Interim Superintendent of IBSSS, provided an update regarding the status of the school in light of ongoing Committee concerns regarding the number of students being served, building closures, and the cost per student being appropriated. Ms. Schild described a change in public perception of education of the blind favoring local community care with public school involvement versus placement at the school, leading to a steady decline in enrollment. She discussed the formation of a task force by the State Board of Regents examining the efficiency and effectiveness of IBSSS programs, and how the school is utilizing appropriated funds. The task force concluded that the approximately 450 blind or visually-impaired students residing in their local communities rather than at the school were in many cases receiving a lesser-quality education, and developed a series of recommendations constituting a "preferred future for vision services in Iowa". The recommendations include providing appropriate training and support for instructors and agencies across the state working with students who are blind or visually impaired; using regional centers to provide access to specified classes and eliminating geographical differences in resource distributions; maximizing skill development; centralizing administration and coordination of providers, technology, and regional centers; coordinating a comprehensive transition to adulthood services with the Department for the Blind; and expanding early intervention services.

Ms. Schild stated that students at IBSSS often have a significant secondary disability but the school lacks Department of Human Services approval for access to federal funding relating to such disabilities, and that the school is refocusing its mission on serving every blind student in the state regardless of location. Ms. Schild summarized efforts to accomplish this, including the hiring of additional instructors; an increased emphasis on technology; implementation of a short-term class concept; providing an in-field resource for multiple-disabled students; pooling of resources with area education agencies so that IBSSS coordinates instructor hiring; and renovating campus buildings, consolidating IBSSS services, and leasing out nonutilized space.

Committee discussion included criteria for determining when a student enters and exits placement, determination of "success" via standardized testing and alternate assessments, and interest in discussions with the State Board of Regents and the Department of Human Services regarding possible IBSSS certification for federal disability assistance.

**Procedural Aspects.** The Committee discussed and distributed a prioritization form regarding possible topics for 2007 Interim meetings.

**Next Meeting.** The Committee is scheduled to meet on June 18 and 19, 2007, in the Legislative Dining Room at the Statehouse. The meeting will commence at 11:00 a.m. on June 18, and 9:00 a.m. on June 19.

**LSA Contacts:** Rick Nelson, Legal Services, (515) 242-5822, Doug Wulf, Fiscal Services, (515) 281-3250

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